

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF B & H GAS)	CASE NO.
COMPANY, INC. FOR AN ALTERNATIVE)	2020-00364
RATE ADJUSTMENT)	

B&H REQUEST THAT CASE BE SUBMITTED ON THE RECORD

INTRODUCTION

Pursuant to the Commission’s December 4, 2020, Order in this case, which set forth a procedural schedule, B&H Gas Company, Inc. submits this request that the case be submitted on the record without a formal hearing. In addition, B&H Gas Company, Inc. requests the Commission to permit an amendment to its Alternative Rate Filing for the purpose of adopting the rates of Johnson County Gas Company.

I. Waiver of Hearing

B&H Gas Company, Inc. hereby waives a formal hearing and requests that the Commission decide this case based upon the written record.

II. Amendment to Request for an Alternative Rate Adjustment

On December 23, 2020, B&H Gas Company, Inc. (B&H), Johnson County Gas Company, Inc. (JCG), and Navitas KY NG, LLC (Navitas)) filed a Joint Application for approval of acquisition, transfer of ownership, and control of the B&H and JCG natural gas systems to Navitas in Case No. 2020-00396.¹ In this Joint Application, the Applicants requested that should the Commission grant

¹ See, *The Joint Electronic Application Of Navitas KY NG, LLC, Johnson County Gas Company, And B&H Gas System For Approval Of Acquisition, Transfer Of Ownership, And Control Of Natural Gas Utility Systems*. Case No. 2020-00396 (hereinafter “Joint Application”).

the relief requested in the Joint Application, B&H would adopt the current JCG rates established in Case No. 2012-00120. To this end, B&H Gas Company now amends its request for an Alternative Rate Adjustment in this proceeding to conform with the Applicants' request in Case No. 2020-00396 that B&H adopt the current JCG rates.

However, B&H reiterates that this request is only for such adoption of JCG rates in the event that the Commission approves the Joint Application for Approval of Acquisition in Case No. 2020-00396.

In support of this request, B&H submits the following:

1. Adoption Of Current JCG Rates Will Avoid Unnecessary Costs

In their Joint Application (Case No. 2020-00396), Applicants stated that the adoption of Johnson County rates across both systems avoids the cost of pursuing a sub-system rate case, only to be followed by a full system rate case shortly thereafter.² As the last JCG rate case occurred in 2012, it is a reasonable assumption that the rates to be determined in this proceeding will be higher than the current JCG rates.³ Should the Commission approve B&H's requested relief in this proceeding and in the Joint Applicants' request in Case No. 2020-00396, Navitas has proposed that they should delay in filing a new rate case seeking to increase the current JCG rates until the completion of test case year 2022.⁴

As noted in Applicants' *Responses To Commission Staff's First Request For Information*, submitted January 29, 2021, in Case No. 2020-00396, JCG in 2020 failed to meet the 2012 revenue requirement of \$189,648 by \$40,173, or in excess of 21% under-earnings. This represents a savings of approximately \$40,000 per year to the JCG rate payer. With new rates anticipated for January

² See, *Joint Application*, page 7.

³ Case No. 2012-00120.

⁴ See, *Navitas KY NG, LLC, Johnson County Gas Company, And B&H Gas System's Response To Commission's February 1, 2021 Order* in Case No. 2020-00396.

2024, the approximate savings of \$95,000 per year benefits the rate payer by up to an estimated \$238,000 in potential total tariff savings over an estimated 30 month period.

2. Adoption of Current JCG Rates Is Critical to the Health and Safety of B&H

In their Joint Application, Applicants stated that the adoption of Johnson County rates across both systems is critical to the overall health and safety of B&H, and strategically important to alleviate the burden on other affiliated sub-systems. Navitas has proposed that B&H adopt the current Johnson County Gas rates in order to unify rates and simplify the rate schedule. As stated in Applicants' *Responses To Commission Staff's First Request For Information*, should this case, the B&H rate case, produce rates less than the current Johnson County Gas rates, Navitas would not request to charge a rate greater than what is approved by the Commission.⁵

III. Conclusion

WHEREFORE, B&H request that the Commission approve the following:

1. Decide this matter based upon the written record without conducting a formal hearing;
2. That in the event the Commission approves the Joint Application in Case No. 2020-00396, the Commission also approve this request that B&H adopt JCG's current rates established in Case No. 2012-00120;
3. That in the event the Commission does not approve the requested relief in the Joint Application in Case No. 2020-00396, the Commission proceed herein in accordance with B&H's request for an alternative rate adjustment as set forth in its original Application;
4. Granting any other necessary or appropriate authorizations, approvals and further relief as the Commission deems appropriate.

⁵ Case No. 2020-00396, *Navitas KY NG, LLC, Johnson County Gas Company, Inc, And B&H Gas Company, Inc Responses To Commission Staff's First Request For Information* (Ky. PSC. January 29, 2021).

Respectfully submitted,



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CERTIFICATE OF SERVICE

This is to certify that a true copy of the foregoing document in this action is being electronically transmitted to the Commission on March 1, 2021; and that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding. Per the Commission's general standing Order issued in Case No. 2020-00085 on March 16, 2020, this filing will not be mailed in paper medium to the Commission.



JOE F. CHILDERS